



**State of Illinois
Healthcare Implementation Council
Response to Request for Public Comment
December 7, 2010**

Thank you for the opportunity to comment on the State's efforts to comply with the exchange component of The ACA (Patient Protection and Affordable Care Act.) Trustmark Insurance is committed to providing affordable coverage to the thousands in Illinois it already serves, and to expand coverage to those currently uninsured. We believe in the preservation of the private insurance market where individuals and small employers have a voice in the benefit options that best fit their needs. We support transparency in the provision and cost of care and in the cost of coverage.

Individual Illinoisans, employers, providers, lawmakers, regulators, state agencies and private carriers are all stakeholders in this very important healthcare delivery system. We urge you to recognize the importance of having all of these stakeholders at the table during the legislative and regulatory process of solving the issue of the uninsured in Illinois.

We strongly believe that for a healthy, competitive marketplace, which envisions multiple carriers, rather than a few dominant players, a variety of products should be available inside and outside the exchange.

We respectfully submit the following recommendations:

Function of a Health Benefit Exchange

An exchange structure that allows the greatest flexibility and enhanced, rather than limited, competition, is going to be the best structure for Illinois. At the outset, a "clearinghouse" function, combined with consumer outreach and education would best serve an open, competitive market. Consumers need to know about their coverage options, including the availability of existing public programs.

Presumably a State exchange would best meet the needs of its constituents. However, if the state system drives a closed marketplace with limited plan options, a federal system with greater flexibility is preferred.

Of course, opening the marketplace to "any willing issuer" that otherwise meets Federal and state minimum standards is the best way to ensure an open, competitive marketplace, and as a result, more affordable options for consumers.

Consideration must also be given to the "quality" measures health plans will be rated on. While the legislation anticipates holding the "health plan" accountable for quality measures, patient safety is largely the responsibility of the provider community, and this data is not always transparent to the plan or to the consumer. Exceptions to this rule may exist when the larger health plans contract directly with providers and hospitals.

In addition, because of market share, the data assembled by some of the larger carriers may seem more "credible" because of the amount and detail of the data they can access. Smaller plans unable to access the same statistics, will be disadvantaged when the result is a skewed perception of which plan is better "quality."

Structure and Governance

The body responsible for the examination of any Exchange options in Illinois should be represented by a broad and complete complement of the stakeholders, including small employers, agents and brokers, insurers, actuaries, legislators and appropriate state agency representatives from the Department of Insurance, and State Medicaid agencies.

PPACA, Sec. 1312(d), "Empowering Consumer Choice," states that PPACA cannot be construed to limit the ability of health insurers to offer, or individuals or employers to select, health plans outside of the Exchange. The stated intent of this legislation was to ensure health plan affordability and access for consumers. We strongly believe that a continued, vital marketplace outside of the exchange is essential to in order to meet that goal.

Flexibility in plan design is also important. Restricting plan design and price perpetuates an environment where larger carriers are rewarded for their market dominance, since they can already offer the best price. The inability of smaller carriers to distinguish themselves with alternative plan designs will drive smaller plans from the market, further restricting (instead of empowering) consumer choice.

Agents and brokers will continue to play an essential role assisting consumers in choosing carriers and plans, and in otherwise providing them important services in connection with their health plans.

The External Market and Addressing Adverse Selection

While it may make sense to administer only one Exchange, it will be important to distinguish two separate risk categories, one for individual business and one for small employer group business. The definition of small employer should remain consistent with state law until 2016. Until the exchange is underway and the demand is understood, no changes should be made.

Self-Sustaining Financing for the Exchange

The state should consider committing general revenue funds to the Exchange. Any funding mechanism that does not include state funds will further burden Illinois employers, either through direct fees, or indirect assessments on insurers.

In addition, if the Exchange works on a selective contracting basis and excludes certain qualified health plans from participating, those carriers should not be required to fund the Exchange.

Eligibility Determination

The eligibility criteria for tax subsidies and for public plan eligibility is so closely connected to Medicaid eligibility, that the State should support the State Medicaid agency in ramping up systems to accommodate a potential influx of applicants for both exchanges and subsidies.

Past experience with mandated plans in the 90's demonstrated that mandated benefit plans, or "basic health benefit plans" which were dictated by the States did not sell. Small employers were not interested in a proscribed benefit package.

Should you have any questions or wish to discuss this letter further, please do not hesitate to contact me.

Thank you.

Catherine Bresler
Vice President, Counsel – Government Relations
Trustmark Insurance Company
400 Field Drive
Lake Forest, Illinois 60045
(847) 283-4056
cbresler@trustmarkins.com

Trustmark Life Insurance Company • Trustmark Insurance Company

400 Field Drive • Lake Forest, Illinois 60045